

The Manager  
Company Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

29 August 2018

Dear Sir or Madam

### **Lodgement of Appendix 4E and Financial Report**

It has come to our attention that the documents lodged with the ASX yesterday contained an error on page 16 of the Financial Report section of the release. This has now been amended, and for ease of use, we attached a new copy of the Appendix 4E and Financial Report for the year ended 30 June 2018.

These reports have also been reformatted into a higher resolution to provide better printing quality for investors.

Yours sincerely



Robert Glasson  
Company Secretary  
**Ambertech Limited**



**Ambertech Limited** and controlled entities ACN 079 080 158

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**APPENDIX 4E – PRELIMINARY FINAL REPORT**

Year Ended 30 June 2018

For Immediate Release 28 August 2018

**Results for Announcement** to the Market  
**Further Explanation** of the Results  
**Outlook** for the business

## Results for Announcement to the Market

For the year ended 30 June 2018

### Key Information

The following information is provided to the ASX under listing rule 4.3A:

	2018 \$'000	2017 \$'000	Movement Up \$'000	%
<b>Revenue</b> from ordinary activities	51,839	48,176	3,663	7.6
<b>(Loss) after income tax</b> for the period attributable to members	(143)	(634)	491	77.4

### Dividends

The Board has announced that no final dividend will be paid in respect of the year ended 30 June 2018.

### Dividend History

There were no dividends paid or declared during the year ended 30 June 2017.

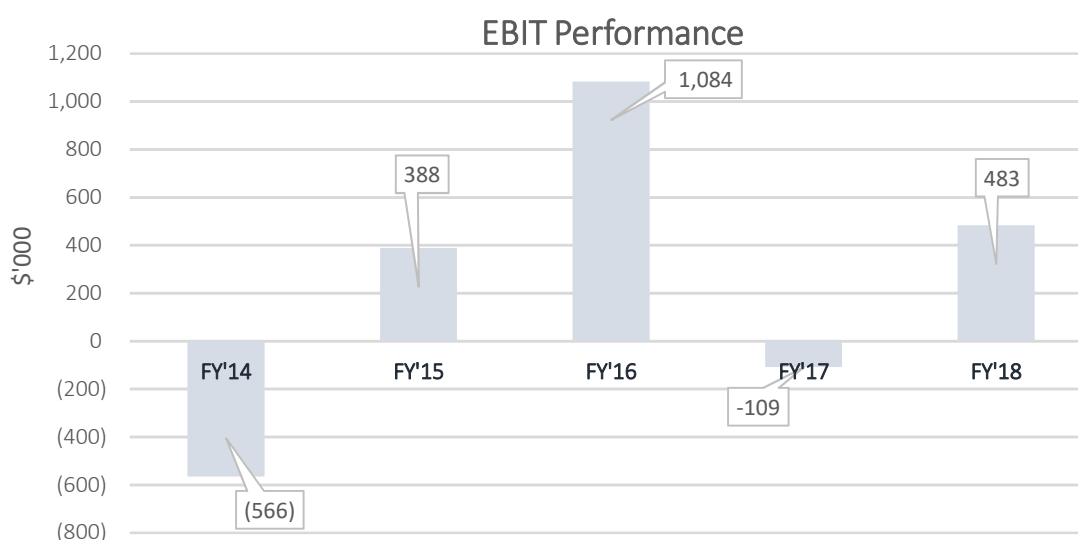
	2018	2017
<b>Net Tangible Assets</b> per security	28.5c	29.5c

## Further Explanation of the Results

For the year ended 30 June 2018

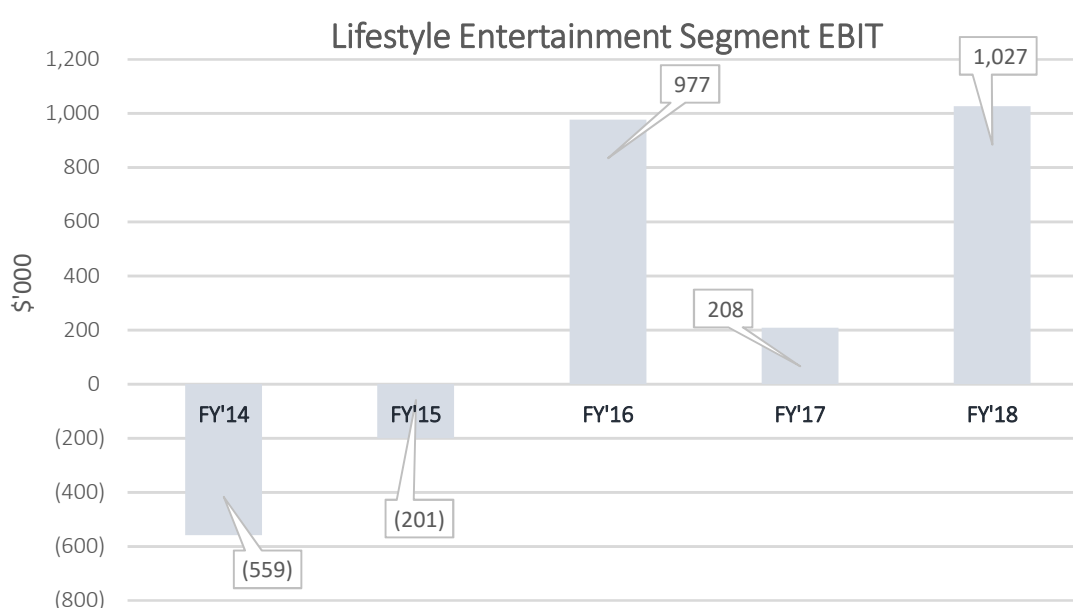
### Summary of the Result for the year

<u>EBIT Performance</u>	2018 \$'000	2017 \$'000	Change %
EBIT	483	(109)	543.1
Net finance costs	(670)	(555)	
(Loss) before income tax	(187)	(664)	71.8
Income tax benefit	44	30	
(Loss) for the year	(143)	(634)	77.4



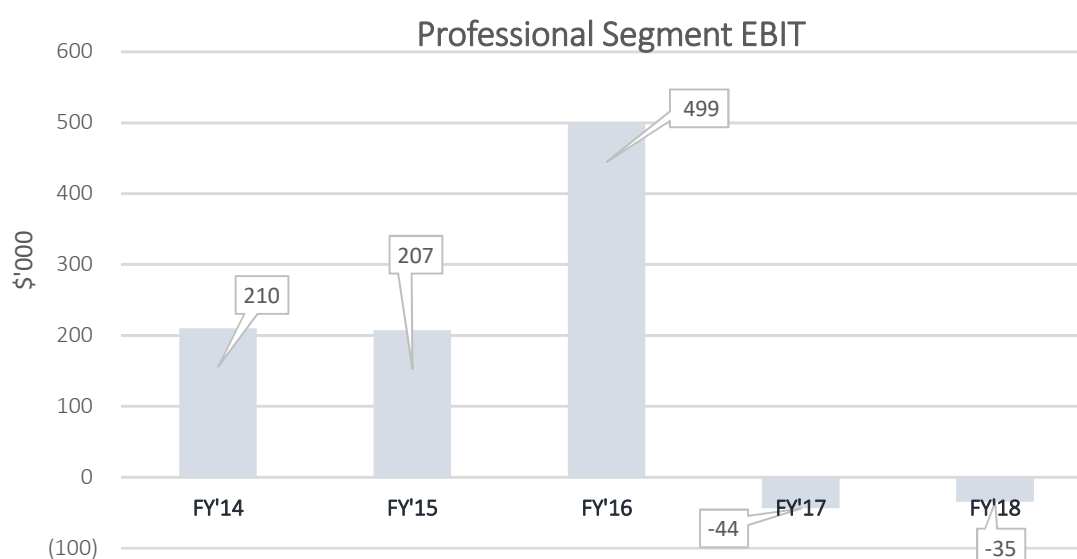
Earnings before interest and tax improved from the prior year due to growth in revenue across the Australian segments of our business. In certain areas this growth was achieved on reduced gross margins. Revenue growth was also partially offset by increased funding costs for the year, based on higher utilization of the group's finance facilities.

<u>Lifestyle Entertainment Segment</u>	2018 \$'000	2017 \$'000	Change %
Sales to external customers	27,577	25,663	7.5
Segment EBIT	1,027	208	393.8



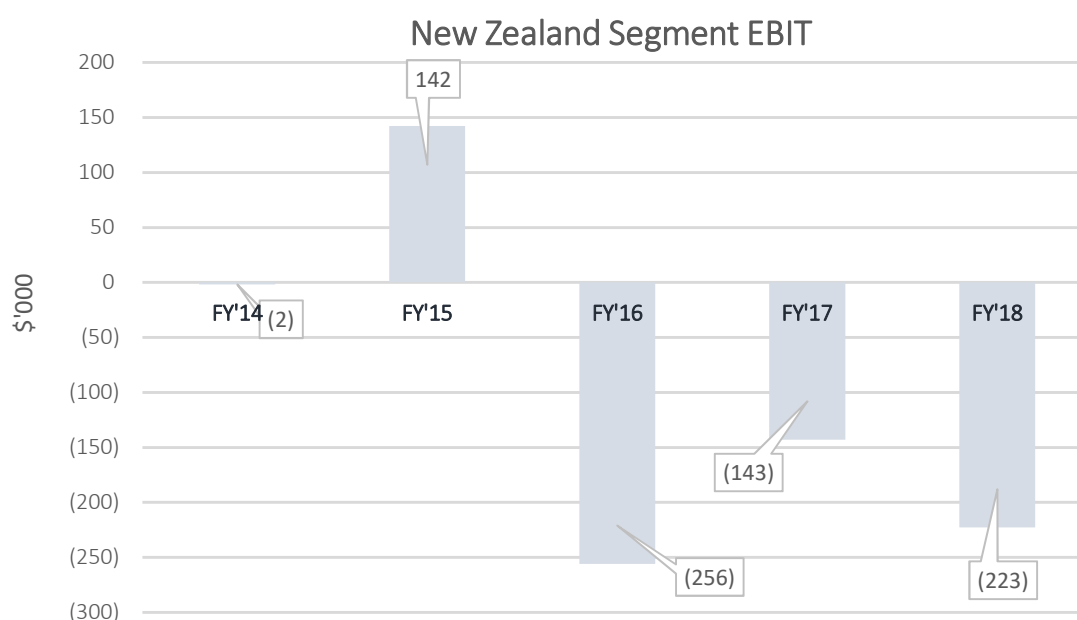
The Lifestyle Entertainment group reported a stronger EBIT result on sales growth over the previous financial year of 7.5%. The main drivers of the improved result were sales into the residential and commercial installation markets, with display products leading the way. Sales into the major consumer electronics retail market remained consistent with the prior year, although the post-Christmas period remains difficult.

<u>Professional Segment</u>	2018 \$'000	2017 \$'000	Change %
Sales to external customers	20,869	18,897	10.4
Segment EBIT	(35)	(44)	20.5



The Professional Segment sales results improved this year, with stronger results in our media systems business driving sales up over 10%. This growth had a limited impact on segment EBIT performance, as growth was primarily in areas where our business receives lower margins. We have done a significant amount of work in reestablishing some key new brands that we hope will assist with growth in future periods.

<u>New Zealand Segment</u>	2018 \$'000	2017 \$'000	Change %
Sales to external customers	3,377	3,598	(6.1)
Segment EBIT	(223)	(143)	(55.9)



The results from our New Zealand operation were poor during the year. Revenue was down in most areas of the business, and this led to a loss for the year. This business was supported for many years by project work that has not eventuated in recent reporting periods. We have completed a strategic review of the business in New Zealand and have implemented changes that we expect will assist in growing the sales in this area, as well as strengthening our marketing presence and brand management support.

## Outlook for the Business

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The strategy for growth for the Ambertech business showed initial signs of a positive return in the 2017/18 financial year, with revenue up over 7.6% on the previous year. For the new financial year, we are focused on continuing to make gains in market share, on supporting several new brands we have introduced or re-established in the market recently, and on continuing to promote the world class brands that we have represented for many years

As a Board and senior management group, our task is to overcome the challenges to this strategy that surface from time to time. Consolidation at all levels of the supply chain remain a market disruption, whilst addressing the performance of our New Zealand operation and results on the second half of the financial year generally are our focus areas.

Our expectations for the 2018/19 financial year are clear – build on the momentum we have from 2017/18 and address the business issues at hand. It is early days just yet, however further guidance on results for the year and progress on strategic goals will be provided at the time of the AGM.

On behalf of the Board of Ambertech Limited



**Robert Glasson**  
COO, Company Secretary  
Sydney, 28 August 2018



AMBERTECH LIMITED  
AND CONTROLLED ENTITIES  
ACN 079 080 158  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report together with the financial statements of the consolidated entity consisting of Ambertech Limited and its controlled entities, ("company" or "economic entity") for the year ended 30 June 2018 and the auditor's report thereon.

## **DIRECTORS**

The qualifications, experience and special responsibilities of each person who has been a director of the Company at any time during or since the end of the financial year are listed below, together with the details of the company secretary as at the end of the financial year. All directors were in office during the whole of the financial year and up to the date of this report unless otherwise stated.

### **Information on directors**

#### **Peter Francis Wallace**

##### **Chairman - Non Executive Director**

Member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nomination Committee.

Peter Wallace is the founder and Managing Director of Endeavour Capital Pty Limited, an independent corporate advisory firm. Prior to establishing Endeavour Capital Pty Limited in 1998, he was an Investment Director with private equity company Hambro-Grantham. Mr Wallace has been a non-executive director of over 30 groups of companies. He was a non-executive director of the listed entity The Hydroponics Company Limited until 15 March 2018.

Mr Wallace has a Bachelor of Commerce degree from the University of New South Wales and a Master of Business Administration degree from Macquarie University. He is a member of Chartered Accountants Australia and New Zealand, and a fellow of the Australian Institute of Company Directors.

Mr Wallace has been a director of Ambertech's Group companies since February 2000 and Chairman of Ambertech Limited since October 2002.

#### **Peter Andrew Amos**

##### **Managing Director**

Peter Amos graduated from Sydney Technical College (now University of Technology, Sydney) with a Radio Trade Certificate and from North Sydney Technical College with an Electronics Engineering Certificate. He joined Rank Electronics, the Company from which Ambertech was formed via a management buyout, as a technician in the mid 1970s, rising from Senior Technician to Service Manager. Upon the formation of Ambertech Limited, Mr Amos became Technical Director of the Ambertech Group. He also served in a senior role as Marketing Director of Quantum Pacific Pty Ltd, another company owned by Ambertech Limited, until it was sold in the mid 1990s.

Mr Amos has served as Managing Director of Ambertech Limited since 1995 and presided over the growth of the Company since that date. Mr Amos has been a director of Ambertech's Group companies since 1987.

#### **Thomas Robert Amos**

##### **Non-Executive Director**

Tom Amos founded telecommunications consultancy Amos Aked Pty Limited in the early 1980s. His career in telecommunications and media spans over 30 years, during which time he has been involved in all facets of the industry. An engineer by profession, Mr Amos holds a B.E. (Electrical Engineering) degree from Sydney University.

Mr Amos has also been prominent in the telecommunication deregulation debate over a period of 15 years as a (former) director and Vice Chairman of Australian Telecommunications Users Group Limited ("ATUG") and as an industry commentator. He is a director of Wave Link Systems Pty Limited and a non executive director of listed entity Big Tin Can Holdings Limited.

Mr Amos has been a director of Ambertech's Group companies since June 1997.

**Edwin Francis Goodwin**  
**Non-Executive Director**

Chairman of the Audit and Risk Management Committee

Ed Goodwin holds a BSc in economics from London University and an MBA from Sydney University. In recent years he has been working in new venture finance, following 25 years in senior finance and business development roles primarily in the telecommunications industry.

Mr Goodwin has been a director of Ambertech's Group companies since June 1997.

**David Rostil Swift**  
**Non-Executive Director**

Member of the Remuneration and Nomination Committee.

David Swift, who holds a B.E. (Electrical Engineering) degree from the University of NSW, has extensive experience in both the telecommunications and professional electronics industries. Mr Swift, a co-founder of Amos Aked Swift Pty Ltd and the founder of AAS Consulting Pty Ltd, is currently an independent telecommunications management and technology consultant operating in the Australasian Pacific region.

Mr Swift was a Director and the Chairman of the Australian Telecommunications Users Group Limited (ATUG) and a Director of Amos Aked Swift (NZ) Limited. In addition to his consulting experience he has had significant management experience through senior positions with both Westpac Banking Corporation and Telecom Australia. Mr Swift has been a director of Ambertech's Group companies since June 1997.

**Company Secretary and Chief Operating Officer**

The following person held the position of Company Secretary at the end of the financial year: **Robert John Glasson**

Robert Glasson joined Ambertech Limited on 1 July 2002 and also holds the position of Chief Operating Officer. He previously held the position of Chief Financial Officer up until 30 June 2015. He has a Bachelor of Business degree from the University of Technology, Sydney, and is a member of Chartered Accountants Australia and New Zealand. He was appointed to the role of Company Secretary on 1 November 2004.

**CORPORATE INFORMATION**

**Nature of operations and principal activities**

The principal activities of the economic entity during the financial year were the import and distribution of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries; the import and distribution of home theatre products to dealers; distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.

There have been no significant changes in the nature of these activities since the end of the financial year.

**Employees**

The economic entity employed 101 employees as at 30 June 2018 (2017: 84 employees).

## REVIEW AND RESULTS OF OPERATIONS

The consolidated loss of the economic entity after providing for income tax for the financial year was \$143,000. This was an improvement on the loss after tax of \$634,000 in the previous period. Total revenues for the financial year increased by 7.6% to \$51,839,000 (2017: \$48,176,000). Further information on the operations is included in the Chairman's and Managing Director's Report section of the Annual Report, and in the ASX Appendix 4E.

## FINANCIAL POSITION

The directors believe the economic entity is in a reasonably strong and stable financial position with the potential to expand and grow its current operations. Whilst borrowings were increased by \$333,000 during the financial year, the economic entity maintained a healthy working capital ratio.

The economic entity's working capital, being current assets less current liabilities, has decreased by \$580,000 to \$7,600,000 as at 30 June 2018 (2017: \$8,180,000). The net assets of the economic entity have also decreased by \$186,000 to \$10,022,000 as at 30 June 2018 (2017: \$10,208,000).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity during the financial year.

## EVENTS SUBSEQUENT TO REPORTING DATE

There were no matters that have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the economic entity in future financial years.

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The 2018-19 financial year has begun well, and as a result the Board of Ambertech Limited ("the Board") is cautiously optimistic that it can deliver on business strategies, which continue to focus on returning positive results for investors in the short term. At this early stage the Board is unable to provide guidance on potential results with any certainty; however expects to be able to update investors by the time of holding the company's AGM.

The board and management remain focused on utilising the traditional strengths of the Ambertech business as a technical distributor to bring new products and brands to market and to redefine the methods and channels in which the business operates. We are continuing to progress these initiatives which are the key drivers of future revenue and profit growth.

## ENVIRONMENTAL REGULATION

The company is subject to regulation by the relevant Commonwealth and State legislation. The nature of the company's business does not give rise to any significant environmental issues.

## REMUNERATION REPORT (AUDITED)

The information provided below includes remuneration disclosures that are required under the Corporations Act 2001 and its regulations. The disclosures contained within the remuneration report have been audited.

In recent years the remuneration policy of the company has had to take into account competing interests. On one hand, shareholder returns are inadequate, while Directors, faced with their responsibilities to the Company, need to retain an experienced, expert Board and executive management team. Directors are aware that these staff may have opportunities to pursue their careers in less challenging environments with prospects of greater remuneration.

Consistent with this view, there have been no significant changes to the remuneration strategy employed by the Board for the 2018 financial year. There has been no change in the remuneration of non-executive directors since 1 January 2010.

### Remuneration Strategy

#### Non-Executive Director Remuneration

Remuneration of non-executive directors is determined by the Remuneration and Nomination Committee. In determining payments to non-executive directors, consideration is given to market rates for comparable companies for time, commitment and responsibilities. The Remuneration and Nomination Committee reviews the remuneration of non-executive directors annually, based on market practice, duties and accountability.

Remuneration of non-executive directors comprises fees determined having regard to industry practice and the need to obtain appropriately qualified independent persons. Fees do not contain any non-monetary elements. In response to the financial performance of the company the remuneration of non-executive directors has remained unchanged since 1 January 2010.

#### Executive Remuneration

##### Managing Director and Chief Operating Officer

Remuneration of the Managing Director and the Chief Operating Officer (COO) is determined by the Remuneration and Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, bonuses, contributions to superannuation funds and options.

The Managing Director and COO receive an incentive element of their salary which is based on achievement of Key Performance Indicators (KPIs) relevant to their responsibilities. This includes a component that is based on the company's profit targets. The total incentive amounts payable are capped at a fixed rate rather than as a percentage of total remuneration, however if paid on target these incentives would have represented approximately 20% of total salary for the Managing Director and 15% of total salary for the COO.

KPIs are set annually by the Remuneration and Nomination Committee and based on company performance targets, and vary according to the roles and responsibilities of the executive. At the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets.

Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

As a result of the financial performance of the company, the Managing Director and COO have foregone the entirety of their short term incentive and KPI salary components for the past eight financial years.

## REMUNERATION REPORT (continued)

### Other Executives

Remuneration of other key executives is set by the Managing Director and Chief Operating Officer, with reference to guidelines set by the Remuneration and Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, bonuses, contributions to superannuation funds and options.

Approximately 5% of the aggregate remuneration of the senior sales executives comprises an incentive element which is related to the KPIs of those parts of the company's operations which are relevant to the executive's responsibilities. The senior sales executives may also receive a sales commission component, which will vary with the sales performance of those parts of the sales business for which they are responsible.

KPIs are set annually by the Remuneration and Nomination Committee, with a degree of consultation with executives to ensure their commitment. The measures are tailored to the areas of each executive's involvement and over which they have control. They are based on company performance targets, and at the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets. Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

The table below sets out the economic entity's key shareholder indicators for the past 5 financial years:

	2018	2017	2016	2015	2014
Dividends paid (cents per share)	-	-	-	-	-
Closing share price at 30 June (\$)	\$0.16	\$0.15	\$0.125	\$0.135	\$0.20
Net profit/(loss) after tax (\$'000)	(143)	(634)	237	(1,654)	(1,000)

### Details of Remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the economic entity are set out in the following tables.

The key management personnel of the economic entity includes the following:

Name	Position	Name	Position
P Wallace	Non-Executive Chairman	R Glasson	Group COO, Company Secretary
P Amos	Group Managing Director	R Neale	General Manager, Lifestyle Entertainment
T Amos	Non-Executive Director	R Caston	General Manager, Broadcast & Professional
E Goodwin	Non-Executive Director	N Lee	General Manager, Amber New Zealand
D Swift	Non-Executive Director		

Key management personnel are those directly accountable to the Managing Director and the Board and responsible for the operational management and strategic direction of the Company.

The nature and amount of each major element of the remuneration of each director of the economic entity and each of the key management personnel of the parent and the economic entity for the financial year are set out in the following tables.

# REMUNERATION REPORT (continued)

## Elements of Remuneration

	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Share based payments			
<b>2018</b>								
Directors	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)	Options	Total	% Performance Related	% Relating to Options
	\$	\$	\$	\$	\$	\$		
P Amos	361,463	-	25,000	3,029	2,553	392,045	0.0%	0.7%
P Wallace	55,046	-	5,229	-	-	60,275	0.0%	0.0%
T Amos	32,111	-	3,051	-	-	35,162	0.0%	0.0%
E Goodwin	32,111	-	3,051	-	-	35,162	0.0%	0.0%
D Swift	10,119	-	24,961	-	-	35,080	0.0%	0.0%
	490,850	-	61,292	3,029	2,553	557,724	0.0%	0.5%
<b>Executives</b>								
R Glasson	198,651	-	18,303	2,006	-	218,960	0.0%	0.0%
R Caston	198,379	4,050	19,064	9,556	-	231,049	1.8%	0.0%
R Neale	257,985	18,850	24,996	1,572	-	303,403	6.2%	0.0%
N Lee	97,218	-	6,081	-	-	103,299	0.0%	0.0%
	752,233	22,900	68,444	13,134	-	856,711	2.7%	0.0%

(1) On 15 August 2017, a cash bonus of \$4,050 was paid to Mr Caston relating to performance against KPI's. The bonus is 100% of the total available to Mr Caston under his KPI scheme.

(2) Quarterly cash bonuses totalling \$18,850 were paid to Mr Neale relating to performance against KPI's. The bonuses are 100% of the total available to Mr Neale under his KPI scheme.

	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Share based payments			
<b>2017</b>								
Directors	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)	Options	Total	% Performance Related	% Relating to Options
	\$	\$	\$	\$	\$	\$		
P Amos	340,316	-	33,991	6,902	1,434	382,643	0.0%	0.4%
P Wallace	55,046	-	5,229	-	-	60,275	0.0%	0.0%
T Amos	32,111	-	3,051	-	-	35,162	0.0%	0.0%
E Goodwin	32,111	-	3,051	-	-	35,162	0.0%	0.0%
D Swift	90	-	34,990	-	-	35,080	0.0%	0.0%
	459,674	-	80,312	6,902	1,434	548,322	0.0%	0.3%
<b>Executives</b>								
R Glasson	189,238	-	18,303	3,723	-	211,264	0.0%	0.0%
R Caston	172,340	4,600	34,992	2,147	-	214,079	2.1%	0.0%
R Neale	245,027	19,500	34,992	590	-	300,109	6.5%	0.0%
N Lee	99,061	-	6,051	-	-	105,112	0.0%	0.0%
	705,666	24,100	94,338	6,460	-	830,564	2.9%	0.0%

(1) On 15 February 2017, a cash bonus of \$4,600 was paid to Mr Caston relating to performance against KPI's. The bonus is 100% of the total available to Mr Caston under his KPI scheme.

(2) Quarterly cash bonuses totalling \$19,500 were paid to Mr Neale relating to performance against KPI's. The bonuses are 100% of the total available to Mr Neale under his KPI scheme.

## REMUNERATION REPORT (continued)

### Service agreements

An executive agreement exists between Peter Amos, the Managing Director, and Amber Technology Limited. This agreement provides that Mr Amos, for a period of 12 months from the date of termination, will not engage in activities in competition with the Amber Group. There is a notice period by either party of 12 months.

The agreement commenced on 31 May 1999 and continues indefinitely. In the event that the company was to exercise its right to terminate the contract, the current payout value would be \$380,000 (2017: \$380,000).

### Share based compensation

The company has adopted an Employee Share Option Plan (ESOP). The Board of Directors may determine the executives and eligible employees who are entitled to participate in the ESOP.

The options issued under the ESOP will expire 5 years after the issue date, or earlier on any of the following events:

- a the eligible employee is dismissed with cause or has breached a restriction contained in his/her employment contract;
- b the eligible employee dies while in the employ of the Company;
- c the eligible employee is made redundant by the Company;
- d the eligible employee's employment with the Company is voluntarily terminated by the eligible employee; or
- e the eligible employee's employment terminates by reason of normal retirement.

The total number of shares reserved for issuance under the ESOP, together with shares reserved for issuance under any other Option Plan, shall not exceed 5% of the diluted ordinary share capital in the Company (comprising all Shares, all Options issued under the ESOP and under any other Option Plan, and all other convertible issued securities).

The ESOP provides the Board with the ability to determine the exercise price of the options, the periods within which the options may be exercised, and the conditions to be satisfied before the option can be exercised.

The ESOP provides for adjustments in accordance with ASX Listing Rules if there is a capital reconstruction, a rights issue or a bonus issue.

Options granted as remuneration during the year are set out below.

	Balance at beginning	Grant Details			Exercised		Lapsed	Balance at end of year
		Grant Date	No.	Value \$	No.	Value \$	No.	
P Amos	500,000				-	-	-	500,000

During the financial year, nil options vested with key management personnel (2017: 166,666). None of these options were exercisable (2017: Nil).

The options have been granted subject to the individual meeting predetermined performance criteria as determined by the Board. The options vest as follows:

- (i) One third of the options have vested
- (ii) One third have been carried forward to vest on the second anniversary of the date of issue; and
- (iii) The remaining one third will vest on the second anniversary of the date of issue.

Should the performance criteria not be met for a particular year then any unvested options may be carried forward for one more year. In the event that performance criteria for the following year is not met, then the portion of the options which were available for vesting for that year shall be considered forfeited.

In relation to bonus issues, each outstanding option confers on the option holder the right to receive, on exercise of those outstanding options, not only one share for each of the outstanding options exercised but also the additional shares the option holder would have received had the option holder participated in that bonus issue as a holder of ordinary shares.



## REMUNERATION REPORT (continued)

### Interests of Directors

At the date of this report the following interests were held by directors:

<u>Director</u>	<u>Ordinary Shares</u>	
	<b>2018</b>	<b>2017</b>
P Wallace	486,528	486,528
P Amos	4,313,843	4,313,843
T Amos	5,484,625	5,484,625
E Goodwin	2,883,556	2,883,556
D Swift	2,995,826	2,995,826

This concludes the Remuneration Report which has been audited.

### DIVIDENDS

There were no dividends paid or declared by the Company to members since the end of the previous financial year.

### DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

<b>Director</b>	<b>Board Meetings</b>		<b>Audit and Risk Management Committee Meetings</b>		<b>Nomination and Remuneration Committee</b>	
	<b>Attended</b>	<b>Held</b>	<b>Attended</b>	<b>Held</b>	<b>Attended</b>	<b>Held</b>
P Wallace	9	9	4	4	1	1
P Amos	9	9	-	-	-	-
T Amos	9	9	-	-	-	-
E Goodwin	9	9	4	4	-	-
D Swift	7	9	-	-	1	1

#### NON-AUDIT SERVICES

It is the economic entity's policy to employ BDO East Coast Partnership (BDO) for assignments additional to their annual audit duties, when BDO's expertise and experience with the economic entity are important. During the year these assignments comprised primarily tax compliance assignments. The Board of Directors is satisfied that the auditors' independence is not compromised as a result of providing these services because:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermines the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors' own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

During the year fees that were paid or payable for services provided by the auditor of the parent entity and its related practices are disclosed at note 26.

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

#### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

#### AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

#### INDEMNIFICATION OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

#### ROUNDING

The company is an entity to which Class Order 98/100 applies and, in accordance with this class order, amounts in this report and the financial statements have been rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of directors.



Director:

P F Wallace



P A Amos

Dated this 28th day of August 2018.  
Sydney

## INDEPENDENT AUDITOR'S REPORT

To the members of Ambertech Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Ambertech Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>For the year ended 30 June 2018 the Group recognised revenue of \$51,839 (000's), as disclosed in Note 3 of the financial report.</p> <p>The Group's management focuses on revenue as a key driver by which performance is measured. This area is a key audit matter due to the volume of transactions and significance of the total balance of revenue.</p>	<p>To determine whether revenue had been appropriately recognised we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>Assessed the Group's accounting policy for revenue to ensure it has been correctly formulated in accordance with the Australian Accounting Standards;</li> <li>Analysed revenue by segment and by product group in comparison to the prior period and to our expectations;</li> <li>Tested the operating effectiveness of internal controls surrounding the existence and occurrence of revenues;</li> <li>Performed cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period; and</li> <li>Evaluated the disclosures for revenue and revenue recognition accounting policies.</li> </ul>

## Valuation of inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2018 the Group held inventory of \$13,302 (000's), as disclosed in Note 7 to the financial report.</p> <p>Due to the nature of the industry in which the Group operates, products sold have an inherent risk of obsolescence.</p> <p>Valuation of inventory is a key audit matter due to the size of the balance and the degree of estimation and judgement required to be made by the Group in determining whether evidence of obsolescence arises.</p>	<p>To determine whether the valuation of inventory was appropriate at reporting date we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>Agreed inventory on hand to initial purchase invoice and subsequent sales invoice on sample basis and compared the carrying amount to the realisable value;</li> <li>Assessed the assumptions applied by the Group in determining the provision for obsolescence in comparison to recent sales experience and ageing of inventory;</li> <li>Analysed inventory turnover by product group in comparison to prior period and to expectations;</li> <li>Performed gross margin analysis by product group in comparison to prior periods; and</li> <li>Evaluated management's policy for provisioning of inventory obsolescence and assessed whether this had been consistently applied throughout the financial year.</li> </ul>

## **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 4 to 8 of the directors' report for the year ended 30 June 2018.



In our opinion, the Remuneration Report of Ambertech Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'BDO Paul Bull', is written over the printed name and title.

Paul Bull  
Partner

Sydney, 28 August 2018

## DECLARATION OF INDEPENDENCE BY PULL BULL TO THE DIRECTORS OF AMBERTECH LIMITED

As lead auditor of Ambertech Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ambertech Limited and the entities it controlled during the period.



Paul Bull  
Partner

**BDO East Coast Partnership**

Sydney, 28 August 2018

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018

		Economic Entity	
	Note	2018 \$'000	2017 \$'000
<b>Revenue</b>	3	51,839	48,176
Cost of sales	4	<u>(35,735)</u>	<u>(32,721)</u>
<b>Gross profit</b>		16,104	15,455
Other income	3	-	94
Employee benefits expense	4	(9,496)	(9,111)
Distribution costs		(1,460)	(1,558)
Marketing costs		(740)	(1,306)
Premises costs		(1,971)	(1,984)
Depreciation and amortisation expenses	4	(312)	(259)
Finance costs		(670)	(555)
Travel costs		(546)	(465)
Other expenses		<u>(1,096)</u>	<u>(975)</u>
<b>(Loss) before income tax</b>	4	(187)	(664)
Income tax benefit	5	<u>44</u>	<u>30</u>
<b>(Loss) after income tax</b>		<u><b>(143)</b></u>	<u><b>(634)</b></u>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(46)</u>	<u>1</u>
Other comprehensive income for the year, net of tax		<u>(46)</u>	<u>1</u>
<b>Total comprehensive income for the year</b>		<u><b>(189)</b></u>	<u><b>(633)</b></u>
<b>Earnings per share</b>			
Basic earnings per share (cents)	24	<u>(0.5)</u>	<u>(2.1)</u>
Diluted earnings per share (cents)	24	<u>(0.5)</u>	<u>(2.1)</u>

*The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.*



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Economic Entity	
	Note	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	22	859	1,014
Trade and other receivables	6	9,013	7,728
Inventories	7	13,302	12,045
<b>TOTAL CURRENT ASSETS</b>		<b>23,174</b>	<b>20,787</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	1,254	987
Intangible assets	10	78	-
Deferred tax assets	5	1,230	1,202
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,562</b>	<b>2,189</b>
<b>TOTAL ASSETS</b>		<b>25,736</b>	<b>22,976</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	9,084	6,600
Other financial liabilities	12	4,726	4,393
Provisions	13	1,764	1,614
<b>TOTAL CURRENT LIABILITIES</b>		<b>15,574</b>	<b>12,607</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	134	143
Deferred tax liabilities	5	6	18
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>140</b>	<b>161</b>
<b>TOTAL LIABILITIES</b>		<b>15,714</b>	<b>12,768</b>
<b>NET ASSETS</b>		<b>10,022</b>	<b>10,208</b>
<b>EQUITY</b>			
Share capital	14	11,138	11,138
Reserves	15	(10)	33
Accumulated losses		(1,106)	(963)
<b>TOTAL EQUITY</b>		<b>10,022</b>	<b>10,208</b>

*The consolidated statement of financial position is to be read in conjunction with the attached notes.*

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Share Based Payments Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Economic Entity</b>					
<b>Balance as at 30 June 2016</b>	<b>11,138</b>	<b>31</b>	<b>-</b>	<b>(329)</b>	<b>10,840</b>
Loss for the year	-	-	-	(634)	(634)
Exchange differences on translation of foreign operations	-	1	-	-	1
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(634)</b>	<b>(633)</b>
<b>Transactions with equity holders:</b>					
Costs of share based payments	-	-	1	-	1
<b>Balance as at 30 June 2017</b>	<b>11,138</b>	<b>32</b>	<b>1</b>	<b>(963)</b>	<b>10,208</b>
Loss for the year	-	-	-	(143)	(143)
Exchange differences on translation of foreign operations	-	(46)	-	-	(46)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	<b>(143)</b>	<b>(189)</b>
<b>Transactions with equity holders:</b>					
Costs of share based payments	-	-	3	-	3
<b>Balance as at 30 June 2018</b>	<b>11,138</b>	<b>(14)</b>	<b>4</b>	<b>(1,106)</b>	<b>10,022</b>

*The consolidated statement of changes in equity is to be read in conjunction with the attached notes.*

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		Economic Entity	
		2018	2017
	Note	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		55,489	52,979
Payments to suppliers and employees		(50,829)	(49,481)
Interest received		16	18
Interest and other costs of finance paid		(670)	(555)
Goods and services tax remitted		(3,845)	(3,669)
<b>Net cash provided by/(used in) operating activities</b>	22	<u>161</u>	<u>(708)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(574)	(85)
Payments for intangible assets - website		(85)	-
<b>Net cash used in investing activities</b>		<u>(659)</u>	<u>(85)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		343	893
Repayment of borrowings		-	(34)
<b>Net cash provided by financing activities</b>		<u>343</u>	<u>859</u>
Net increase/(decrease) in cash and cash equivalents held		(155)	66
Cash and cash equivalents at beginning of year		1,014	948
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year		-	-
<b>Cash and cash equivalents at end of year</b>	22	<u>859</u>	<u>1,014</u>

*The consolidated statement of cash flows is to be read in conjunction with the attached notes.*

## NOTE 1: INTRODUCTION

The financial statements cover the economic entity consisting of Ambertech Limited and its controlled entities. Ambertech Limited is a company limited by shares, incorporated and domiciled in Australia.

### Operations and principal activities

Ambertech Limited is a distributor of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries and of consumer audio and video products in Australia and New Zealand.

### Currency

The financial statements are presented in Australian dollars and rounded to the nearest one thousand dollars.

### Registered office

Unit 1, 2 Daydream Street, Warriewood NSW 2102.

### Authorisation of financial statements

The financial statements were authorised for issue on 23 August 2018 by the Directors. The company has the power to amend the financial statements.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) Overall Policy

The principal accounting policies adopted in the preparation of these consolidated financial statements are stated in order to assist in a general understanding of the financial statements. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for profit oriented entities. The financial statements have been prepared under the historic cost convention.

#### Statement of Compliance

The financial statements comply with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the economic entity comply with International Financial Reporting Standards (IFRS).

#### Going Concern

The consolidated financial statements have been prepared on a going concern basis.

For the year ended 30 June 2018, the consolidated entity incurred a loss after income tax of \$143,000 (2017: loss of \$634,000). In the same period the consolidated entity had operating cash inflows of \$161,000 (2017: cash outflow of \$708,000)

A cash flow forecast for the next 12 months prepared by management has indicated that the consolidated entity will have sufficient cash assets to be able to meet its debts as and when they are due. The directors have therefore concluded that there are reasonable grounds to believe that the basis for the preparation of the financial statements on a going concern basis is appropriate.

#### New, revised or amending Accounting Standards and Interpretations adopted

The economic entity has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### New Accounting Standards issued but not yet effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the economic entity in the period of initial application. They are available for early adoption at 30 June 2018, but have not been applied in preparing these financial statements.

- (i) AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A) Overall Policy (continued)**

AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The Group has established an AASB 9 project team and is in the process of completing its impact assessment of AASB 9. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 9 are not expected to have a material effect on the Group.

*AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).*

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: Financial Instruments (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: Financial Instruments: Disclosures regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

- (ii) *AASB 15: Revenue from Contracts with Customers, and the relevant amending standards* (applicable to annual reporting periods beginning on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process: The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The Group has established an AASB 15 project team and is in the process of completing its impact assessment on its revenue streams as detailed in Note 3.

The majority of the Group sales are for sale of goods, where there is a single performance obligation and revenue is recognised at the point of sale or, where later, delivery to the end customer. There is no material impact from the adoption of AASB 15 on these sales. The revenue recognition approach historically applied by the Group for these sales are consistent with the principals of AASB 15.

Management have identified some potential areas that will require further assessment to determine the impact of implementing the new standard. Management's preliminary assessment will continue with detailed assessments of the following aspects of the Group's revenue generating activities before any conclusions as to the possible impact of the new standard can be formulated:

- Contract revenue with milestone arrangements; and
- Maintenance and support contracts.

In addition, the financial impact is dependent on the facts and circumstances at the time of transition. For these reasons it is not yet practicable to determine a reliable estimate of the financial impact of the Group.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A) Overall Policy (continued)**

- (iii) AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019). When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group has established an AASB 16 project team and is in the process of completing its impact assessment of AASB 16.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of \$7.022m, (30 June 2017 \$8.396m). AASB 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 16.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group will recognise a right-of-use asset and corresponding liability in respect of these leases unless they qualify for a low value or short-term lease upon application of AASB 16.

A reliable estimate of the financial impact on the Group's consolidated result is dependent on a number of unresolved areas, such as the choice of transition and discount rates.

In addition, the financial impact is dependent on the facts and circumstances at the time of transition. For these reasons it is not yet practicable to determine a reliable estimate of the financial impact of the Group.

**B) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Economic Entity	
2018	2017
\$'000	\$'000

### NOTE 3: REVENUE

#### A) Revenue

- Sale of goods and services	51,823	48,158
- Interest received	16	18
	<u>51,839</u>	<u>48,176</u>

#### Revenue Recognition

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of goods and services to entities outside the economic entity.

#### Sale of goods

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases this coincides with the transfer of legal title, or the passing of possession to the buyer.

#### Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

#### Interest revenue

Interest revenue is recognised as it accrues using the effective interest method.

#### B) Other income

- Net foreign exchange gains	-	93
- Net profit on disposal of plant and equipment	-	1
	<u>-</u>	<u>94</u>

#### Dividend revenue

Dividends are recognised as income as they are received, net of any franking credits.

### NOTE 4: EXPENSES

Additional information on the nature of expenses

#### A) Inventories

Cost of sales	35,735	32,721
Movement in provision for inventory obsolescence	<u>(127)</u>	<u>131</u>

#### B) Employee benefits expense

Salaries and wages	8,552	7,888
Defined contribution superannuation expense	790	891
Employee termination expense	151	331
Share-based payments expense	3	1
	<u>9,496</u>	<u>9,111</u>

	Economic Entity	
	2018	2017
	\$'000	\$'000
<b>NOTE 4: EXPENSES (continued)</b>		
<b>C) Depreciation</b>		
Plant and equipment	83	61
Furniture and fittings	67	31
Leasehold improvements	139	144
Leased plant and equipment	16	16
	<u>305</u>	<u>252</u>
<b>D) Amortisation</b>		
Website costs	<u>7</u>	<u>7</u>
<b>E) Bad and doubtful debts</b>	<u>42</u>	<u>32</u>
<b>F) Rental expense on operating leases:</b>		
Minimum lease payments	<u>1,480</u>	<u>1,463</u>
<b>NOTE 5: INCOME TAX</b>		
<b>A) Major components of income tax</b>		
Deferred tax	<u>(44)</u>	<u>(30)</u>
Income tax (benefit)	<u>(44)</u>	<u>(30)</u>
<b>B) Reconciliation between income tax and prima facie tax on accounting profit/(loss)</b>		
(Loss)/profit before income tax	<u>(187)</u>	<u>(664)</u>
Tax at 30% (2017:30%)	(56)	(199)
Tax effect of non deductible expenses/non assessable income		
- Entertainment	16	12
- Other items	7	4
Unused tax losses not recognised as deferred tax assets	(11)	-
Recoupment of prior year tax losses not previously brought to account	-	153
Income tax (benefit)	<u>(44)</u>	<u>(30)</u>
<b>C) Applicable tax rate</b>		
The applicable tax rate is the national tax rate in Australia of 30%.		
<b>D) Analysis of deferred tax assets</b>		
Employee benefits	470	450
Plant and equipment	245	205
Accrued expenses	129	149
Provision for impairment of receivables	30	18
Provision for obsolescence	228	266
Provision for warranty	40	36
Inventory	56	62
Other	32	16
	<u>1,230</u>	<u>1,202</u>



	Economic Entity
	2018      2017
	\$'000      \$'000

## NOTE 5: INCOME TAX (continued)

### E) Analysis of deferred tax liabilities

Unrealised foreign currency gain	-	10
Other	6	8
	<u>6</u>	<u>18</u>

### F) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### G) Tax consolidated group

Ambertech Limited and its Australian wholly owned controlled entities have implemented the tax consolidation legislation.

The head entity, Ambertech Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a 'stand-alone taxpayer' in its own right.

Current tax liabilities/assets and deferred tax assets arising from unused tax losses and tax credits are immediately transferred to the head entity. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement will be recognised as either a contribution by, or distribution to the head entity.

### H) Tax Losses

In order to recognise a deferred tax asset relating to tax losses, the Directors must be satisfied that forecast results provide sufficient evidence that the economic entity will be able to utilise tax losses against future taxable profits of the economic entity. As a general rule, Directors will consider forecast results over a three year period as a guide to determining the recoverability of the asset.

In 2015 the board determined that it could no longer justify the recognition of a deferred tax asset resulting from accumulated tax losses. At balance date, total Australian unused tax losses available amounted to \$5,102,633 (2017: \$5,414,184). The potential tax benefit of these losses at 30% is \$1,530,790 (2017: \$1,624,255).

Economic Entity	
2018	2017
\$'000	\$'000

## NOTE 6: TRADE AND OTHER RECEIVABLES

### Current

Trade receivables	8,855	7,555
Provision for impairment of receivables	(101)	(59)
	<u>8,754</u>	<u>7,496</u>
Other receivables	104	96
Prepayments	155	136
	<u>9,013</u>	<u>7,728</u>

- A) Current trade receivables are non-interest bearing loans, generally between 30 and 60 day terms.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

- B) A provision for impairment is recognised when there is objective evidence that a trade or other receivable is impaired. These amounts have been included in the other expenses item.

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates, and specific knowledge of the individual debtor's financial position.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the economic entity will not be able to collect all amounts due according to the original terms of the receivables.

- C) Movement in the provision for impairment of receivables is as follows:

#### Current trade receivables

Opening balance	59	160
Charge for the year	42	48
Amounts written off	-	(149)
Closing balance	<u>101</u>	<u>59</u>

- D) The economic entity's exposure to credit risk and impairment losses related to trade and other receivables is disclosed at note 23.

	Economic Entity	
	2018	2017
	\$'000	\$'000
<b>NOTE 7: INVENTORIES</b>		
<b>Current</b>		
Finished goods	12,112	11,859
Stock in transit	1,962	1,085
	<u>14,074</u>	<u>12,944</u>
Provision for obsolescence	(772)	(899)
	<u>13,302</u>	<u>12,045</u>

**A) Inventories**

Inventories include finished goods and stock in transit and are measured at the lower of weighted average cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

**B) Provision for impairment of inventories**

Movement in the provision for obsolescence is as follows:

Opening balance	899	768
Charge for the year	389	412
Amounts written off	<u>(516)</u>	<u>(281)</u>
Closing balance	<u>772</u>	<u>899</u>

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

**NOTE 8: CONTROLLED ENTITIES**

Entity	Country of Incorporation	Percentage Owned 2018	2017
<b>Parent Entity</b>			
- Ambertech Limited	Australia		
<b>Subsidiaries of Ambertech Limited</b>			
- Amber Technology Limited	Australia	100%	100%
<b>Subsidiaries of Amber Technology Limited</b>			
- Alphan Pty Limited	Australia	100%	100%
- Amber Technology (NZ) Limited	New Zealand	100%	100%

A controlled entity is any entity controlled by Ambertech Limited. Control exists where Ambertech Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Ambertech Limited to achieve the objectives of Ambertech Limited.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

## NOTE 9: PLANT AND EQUIPMENT

### Non-Current

#### A) Carrying amounts

	Cost		Accumulated depreciation		Net carrying amount	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Economic Entity</b>						
Plant and equipment	1,434	1,327	(1,233)	(1,153)	201	174
Furniture and fittings	942	484	(480)	(413)	462	71
Leasehold improvements	1,415	1,412	(884)	(745)	531	667
Leased plant and equipment	171	171	(111)	(96)	60	75
Total plant and equipment	<u>3,962</u>	<u>3,394</u>	<u>(2,708)</u>	<u>(2,407)</u>	<u>1,254</u>	<u>987</u>

#### B) Reconciliation of carrying amounts:

	Plant and equipment	Furniture and fittings	Leasehold improvements	Leased plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>					
Balance at the beginning of the year	174	71	667	75	987
Additions	110	460	3	-	573
Disposals	-	-	-	-	-
Depreciation and amortisation expense	<u>(84)</u>	<u>(67)</u>	<u>(139)</u>	<u>(16)</u>	<u>(306)</u>
Carrying amount at the end of the year	<u>200</u>	<u>464</u>	<u>531</u>	<u>59</u>	<u>1,254</u>
<b>2017</b>					
Balance at the beginning of the year	149	102	812	90	1,153
Additions	88	-	-	-	88
Disposals	(2)	-	-	-	(2)
Depreciation and amortisation expense	<u>(61)</u>	<u>(31)</u>	<u>(145)</u>	<u>(15)</u>	<u>(252)</u>
Carrying amount at the end of the year	<u>174</u>	<u>71</u>	<u>667</u>	<u>75</u>	<u>987</u>

#### C) Recognition and measurement

Plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

#### D) Depreciation of property, plant and equipment

Plant and equipment is depreciated over its estimated useful life taking into account estimated residual values. The straight line method is used.

## NOTE 9: PLANT AND EQUIPMENT

### Non-Current (continued)

#### D) Depreciation of property, plant and equipment (continued)

Plant and equipment is depreciated from the date of acquisition or, in respect of leasehold improvements, from the time the asset is completed and ready for use. The depreciation rates used for each class of plant and equipment remain unchanged from the previous year and are as follows:

<u>Class of Asset</u>	<u>Useful life</u>
Plant and equipment	3-8 years
Furniture and fittings	3-8 years
Leasehold improvements	Term of the lease
Leased plant and equipment	Term of the lease

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the plant and equipment or cash generating units to which the plant and equipment belong are written down to their recoverable amount.

## NOTE 10: INTANGIBLE ASSETS

### Non-Current

#### Net carrying amounts and movements during the year

	<b>Economic Entity</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill at cost	2,970	2,970
Less impairment	(2,970)	(2,970)
	-	-
Website at cost	85	173
Less accumulated amortisation	(7)	(173)
	78	-
	78	-

#### Reconciliation of written down values:

	<b>Goodwill</b>	<b>Website</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at 1 July 2017	-	-	-
Additions	-	85	85
Impairment	-	-	-
Amortisation expense	-	(7)	(7)
Closing balance at 30 June 2018	-	78	78

## Recognition and measurement

### A) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to cash generating units and is not subject to amortisation, but tested annually for impairment. Goodwill has been fully impaired.

Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

## NOTE 10: INTANGIBLE ASSETS

### Non-Current (continued)

#### B) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

If there is evidence of impairment for any of the company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the economic entity's weighted average cost of capital. The loss is recognised in the statement of profit or loss and other comprehensive income.

#### C) Website Costs

Significant costs associated with website costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being a finite life of 5 years.

## NOTE 11: TRADE AND OTHER PAYABLES

### Current

	Economic Entity	
	2018	2017
	\$'000	\$'000
Trade accounts payable	6,109	3,667
Other accounts payable	2,975	2,933
	<u>9,084</u>	<u>6,600</u>

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of financial year which are unpaid. Due to their short term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Amounts payable in foreign currencies:

Trade accounts payable:

- US Dollars	3,430	1,948
- British Pounds	221	331
- Euro	434	170
- Swiss Francs	552	166
- New Zealand Dollars	442	461
	<u>5,079</u>	<u>3,076</u>

## NOTE 12: OTHER FINANCIAL LIABILITIES

### Current

Debtor finance	4,469	4,393
Business transaction facility	257	-
	<u>4,726</u>	<u>4,393</u>

## NOTE 12: OTHER FINANCIAL LIABILITIES (continued)

Details of the economic entity's exposure to interest rate changes on other financial liabilities is outlined in note 23. The fair value of the financial liabilities approximates their carrying value.

### A) Debtor finance

On 24 July 2018, the economic entity extended the Scottish Pacific Business Finance facility for a further term of two years. This new agreement is an invoice discounting solution with approval up to \$8.0M for Amber Technology Ltd and \$1.3M for Amber Technology (NZ) Ltd.

The economic entity did not breach any covenants during the financial year.

### B) Business transaction facility

On 16 June 2017 the economic entity entered into an agreement with Octet Finance Pty Ltd to provide a Business Transaction Facility. On 5 June 2018 the facility limit was reduced from \$1,000,000 to \$400,000 with no fixed term. As at 30 June 2018, the amount drawn under this facility was \$257,440.

### C) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

	Economic Entity	
	2018	2017
	\$'000	\$'000
<b>NOTE 13: PROVISIONS</b>		
<b>Current</b>		
Service warranty	327	255
Employee benefits	1,437	1,359
	<u>1,764</u>	<u>1,614</u>
<b>Non Current</b>		
Employee benefits	134	143
	<u>134</u>	<u>143</u>

### A) Service warranty

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

In determining the level of provision required for warranties, the economic entity has made judgements in respect of the expected performance of the product, expected customer claims and costs of fulfilling the conditions of warranty. The provision is based on estimates made from historical warranty costs associated with similar products.

**NOTE 13: PROVISIONS (Continued)**

**A) Service warranty (continued)**

Movements in provisions, other than employee benefits are set out below:

	<b>Service warranty \$'000</b>
Opening balance at 1 July 2017	255
Additional provision recognised	299
Reductions resulting from payments	(227)
Closing balance at 30 June 2018	<u>327</u>

**B) Employee benefits**

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, commissions, social security obligations, short-term compensation absences and bonuses payable within 12 months and non-mandatory benefits such as car allowances.

The undiscounted amount of short-term employee benefits expected to be paid is recognised as an expense.

Other long-term employee benefits include long-service leave payable 12 months or more after the end of the financial year.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**C) Amounts not expected to be settled within the next twelve months:**

The current provisions for annual leave and long service leave include all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current, since the economic entity does not have an unconditional right to defer settlement. However, based on past experience, the economic entity does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months.

The following amounts reflect leave that is not expected to be taken within the next twelve months:

	<b>Economic Entity</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Current annual leave obligation expected to be settled after 12 months	<u>267</u>	<u>241</u>
Current long service leave obligation expected to be settled after 12 months	<u>411</u>	<u>398</u>



**NOTE 14: SHARE CAPITAL**

	Economic Entity		#	Economic Entity	
	2018 Shares	2017 Shares		2018 \$'000	2017 \$'000
<b>A) Ordinary Shares fully paid (no par value)</b>	<u>30,573,181</u>	<u>30,573,181</u>		<u>11,138</u>	<u>11,138</u>
Details		No of shares			\$'000
Balance 30 June 2017		30,573,181			11,138
Shares bought back		-			-
Balance 30 June 2018		<u>30,573,181</u>			<u>11,138</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**B) Voting Rights**

On a show of hands, one vote for every registered shareholder, and for a poll, one vote for every share held by a registered shareholder.

**C) Options**

At reporting date, there were 500,000 ordinary shares reserved for issue under options (2017: 500,000)

**D) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the year but not distributed at balance date.

**NOTE 15: RESERVES**

Foreign currency translation reserve	(14)	32
Share base payments reserve	<u>4</u>	<u>1</u>
	<u>(10)</u>	<u>33</u>

For an explanation of movements in reserve accounts refer to the Statement of Changes in Equity.

**Nature and purpose of reserves**

**A) Foreign currency translation reserve**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the exchange rates prevailing at the dates of the transactions.

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

**B) Share Base Payments Reserve**

The share based payments reserve is used to recognise the fair value of options issued but not exercised.

**NOTE 16: CAPITAL & LEASING COMMITMENTS**

**A) Operating lease commitments**

Payable:

Not later than 1 year	1,503	1,480
Later than 1 year but not later than 5 years	5,519	6,916
Later than 5 years	-	-
Minimum lease payments	<u>7,022</u>	<u>8,396</u>

**B) Warriewood property lease**

The Warriewood property lease is a non-cancellable lease ending on 13 January 2023, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased at review dates at 3.75% per annum.

**NOTE 16: CAPITAL & LEASING COMMITMENTS (continued)**

**C) Operating leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**D) Capital Commitments**

The economic entity had no commitments for capital expenditure as at 30 June 2018 (2017:

Economic Entity	
2018	2017
\$'000	\$'000

**NOTE 17: CONTINGENT LIABILITIES**

Estimates of the maximum amounts of contingent liabilities that may become payable:

- Bank guarantee by Amber Technology Limited in respect of Sydney property lease

612	638
<u>612</u>	<u>638</u>

No material losses are anticipated in respect of any of the above contingent liabilities.

**NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no matters that have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the economic entity in future financial years.

**NOTE 19: RELATED PARTY TRANSACTIONS**

**Key management personnel compensation**

Key management personnel comprises directors and other persons having authority and responsibility for planning, directing and controlling the activities of the economic entity.

Economic Entity	
2018	2017
\$'000	\$'000

**Summary**

- Short term employee benefits	1,265,983	1,189,440
- Post employment benefits	129,736	174,650
- Long term employee benefits	16,163	13,362
- Share-based employee benefits	2,553	1,434
	<u>1,414,435</u>	<u>1,378,886</u>

**NOTE 20: SHARE BASED PAYMENT ARRANGEMENTS**

On 24 November 2016, 500,000 share options were granted to Managing Director, Peter Amos under the Ambertech Limited Executive Share Option Scheme to take up ordinary shares at an exercise price of \$0.15 each. The options are exercisable on or before 30 November 2021. The options hold no voting or dividend rights and are not transferable.

These options vest as follows:

- One third of the options have vested
- One third have been carried forward to vest on the second anniversary of the date of issue; and
- The remaining one third will vest on the second anniversary of the date of issue.

Vesting subsequent to grant date is also subject to key management personnel meeting specified performance criteria. Further details of these options are provided in the directors' report. The options hold no voting or dividend rights but have been listed. The options lapse when a director ceases their employment with the Group. During the financial year, nil options vested with key management personnel (2017: 166,666).

**NOTE 20: SHARE BASED PAYMENT ARRANGEMENTS (continued)**

The consolidated entity established the Ambertech Limited Employee Share Option Plan on 5 November 2004 as a long-term incentive scheme to strive for improved group performance. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including profitability, return on capital employed and dividends.

The options are issued with a strike price representing a discount of 6% to the average market price of the underlying shares determined at the time the shares were granted.

A summary of the movements of all options issued is as follows:

	Number	Weighted Average Exercise Price
<b>Options outstanding as at 1 July 2017</b>	500,000	\$0.15
Granted	-	-
Foreited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2018</b>	<b>500,000</b>	<b>\$0.15</b>
Options exercisable as at 30 June 2018	-	-
Options exercisable as at 30 June 2017	-	-

The weighted average remaining contractual life of options outstanding at year-end was 2.75 years. The exercise price of outstanding shares at the end of the reporting period was \$0.15.

The fair value of the options granted to key management personnel is considered to represent the value of the employee services received over the vesting period.

Options issued over ordinary shares are valued using the Black-Scholes pricing model which takes into account the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, the expected dividends on the underlying share, the current market price of the underlying share and the expected life of the option.

The value of the options is recognised in an option reserve until the options are exercised, forfeited or expire.

The weighted average fair value of options granted during the year was nil (2017: \$0.05). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

- Weighted average exercise price:	\$0.15
- Weighted average life of the option	5 Years
- Expected share volatility	25%
- Risk free interest rate	2%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

These shares were issued as compensation to key management personnel of the Group. Further details are provided in the directors' report.

Included under employee benefits expense in the statement of profit or loss is \$2,553, which relates to equity-settled share-based payment transactions (2017: \$1,434).

## NOTE 21: SEGMENT REPORTING

### (a) Description of segments

Management has determined the operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The economic entity comprises the following operating segments:

Professional	Distribution of high technology equipment to professional broadcast, film, recording and sound reinforcement industries.
Lifestyle Entertainment	Distribution of home theatre products to dealers, distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.
New Zealand	Distribution of a wide range of quality products for both professional and consumer markets in New Zealand.

### (b) Segment information

2018	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	20,869	27,577	3,377	-	51,823
- Inter-segment revenue	13	362	1	(376)	-
Revenue from external customers	<u>20,882</u>	<u>27,939</u>	<u>3,378</u>	<u>(376)</u>	<u>51,823</u>
<b>Result</b>					
- Segment EBIT	(35)	1,027	(223)	-	769
- Unallocated / corporate result					(302)
- EBIT					<u>467</u>
- Interest revenue					16
- Interest and finance costs					(670)
- Profit before income tax					(187)
- Income tax expense					44
- profit for the year					<u>(143)</u>
<b>Assets</b>					
- Segment Assets	<u>7,804</u>	<u>14,152</u>	<u>1,826</u>	<u>-</u>	23,782
- Unallocated/corporate assets					<u>1,954</u>
- Total assets					<u>25,736</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>4,965</u>	<u>4,315</u>	<u>992</u>	<u>-</u>	10,272
- Unallocated/corporate liabilities					<u>5,442</u>
- Total liabilities					<u>15,714</u>
<b>Other</b>					
- Acquisition of non current segment assets	79	576	3	-	<u>658</u>
					<u>658</u>
- Depreciation and amortisation of segment assets	107	198	7	-	<u>312</u>
					<u>312</u>

NOTE 21: SEGMENT REPORTING (continued)

2017	Professional \$'000	Lifestyle Entertainment \$'000	New Zealand \$'000	Eliminations \$'000	Economic Entity \$'000
<b>Revenue</b>					
- Total segment revenue	18,897	25,663	3,598	-	48,158
- Inter-segment revenue	62	324	14	(400)	-
Revenue from external customers	<u>18,959</u>	<u>25,987</u>	<u>3,612</u>	<u>(400)</u>	<u>48,158</u>
<b>Result</b>					
- Segment EBIT	(44)	208	(143)	-	21
- Unallocated / corporate result					(148)
- EBIT					(127)
- Interest revenue					18
- Interest and finance costs					(555)
- Profit before income tax					(664)
- Income tax expense					30
- profit for the year					<u>(634)</u>
<b>Assets</b>					
- Segment Assets	<u>6,327</u>	<u>12,585</u>	<u>1,815</u>	<u>-</u>	20,727
- Unallocated/corporate assets					2,249
- Total assets					<u>22,976</u>
<b>Liabilities</b>					
- Segment Liabilities	<u>3,005</u>	<u>3,938</u>	<u>770</u>	<u>-</u>	7,713
- Unallocated/corporate liabilities					5,055
- Total liabilities					<u>12,768</u>
<b>Other</b>					
- Acquisition of non current segment assets	32	49	7	-	88
					<u>88</u>
- Depreciation and amortisation of segment assets	102	154	3	-	259
					<u>259</u>

**NOTE 21: SEGMENT REPORTING (continued)**

(c) Segment information on geographical region

	Segment Revenues from Sales to External Customers		Carrying Amount of Segment Non Current Assets		Acquisition of Non- Current Assets	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Geographical Location						
- Australia	48,446	44,560	1,332	978	655	81
- New Zealand	3,377	3,598	6	9	3	7
	<u>51,823</u>	<u>48,158</u>	<u>1,338</u>	<u>987</u>	<u>658</u>	<u>88</u>

(i) Carrying amount of segment non current assets

These amounts include all non current assets other than deferred tax assets located in the country of domicile.

(d) Other segment information

(i) Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment and goodwill. All remaining assets of the economic entity are considered to be unallocated assets. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

Segment assets and liabilities do not include income taxes.

(ii) Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity. These transfers are eliminated on consolidation.

(iii) Major Customers

During the year ended 30 June 2018, \$6,183,573 or 12% (2017: \$5,447,393 or 11%) of the consolidated entity's external revenue was derived from sales to a major Australian retailer through the Lifestyle Entertainment segment.

Economic Entity	
2018	2017
\$'000	\$'000

## NOTE 22: CASH FLOW INFORMATION

### (i) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

Cash on hand	2	4
At call deposits with financial institutions	857	1,010
	<u>859</u>	<u>1,014</u>

### (ii) Reconciliation of net cash provided by operating activities to (loss) after income tax

(loss) for the year	(143)	(634)
Depreciation and amortisation	312	259
Net profit on disposal of plant and equipment	-	(1)
Foreign exchange loss/(gain)	74	(83)
Impairment (income)	-	(101)
Non-cash share based payments	4	1
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,085)	586
Increase in prepayments	(19)	(23)
(Increase)/decrease in inventories	(1,305)	896
Increase/(decrease) in trade and other payables	2,221	(1,555)
Increase/(decrease) in provisions	146	(23)
Increase in deferred taxes	(44)	(30)
Net cash provided by/(used in) operating activities	<u>161</u>	<u>(708)</u>

### (iii) Non Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the financial year.

### A) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits at call with banks or financial institutions, investments in money market instruments maturing within three months, and bank overdrafts.

#### NOTE 23: FINANCIAL RISK MANAGEMENT

The economic entity's financial risk management policies are established to identify and analyse the risks faced by the business, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the economic entity's activities.

The economic entity's activities expose it to a wide variety of financial risks, including the following:

- credit risk
- liquidity risk
- market risk (including foreign currency risk and interest rate risk)

This note presents information about the economic entity's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and how the economic entity manages capital.

Liquidity and market risk management is carried out by a central treasury department (Group Treasury) in accordance with risk management policies. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board, through the Audit and Risk Management Committee, oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks.

The economic entity uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes. The economic entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

##### A) Credit Risk

Credit risk is the risk of financial loss to the economic entity if a customer or the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the economic entity's receivables from customers. The maximum exposure to credit risk is the carrying amount of the financial assets.

##### *Trade and other receivables*

Exposure to credit risk is influenced mainly by the individual characteristics of each customer. The customer base consists of a wide variety of customer profiles. New customers are analysed individually for creditworthiness, taking into account credit ratings where available, financial position, past experience and other factors. This includes major contracts and tenders approved by executive management. Customers that do not meet the credit policy guidelines may only purchase using cash or recognised credit cards. The general terms of trade for the economic entity are between 30 and 60 days.

In monitoring credit risk, customers are grouped by their debtor ageing profile. Monitoring of receivable balances on an ongoing basis minimises the exposure to bad debts.

##### *Impairment allowance*

The impairment allowance relates to specific customers, identified as being in trading difficulties, or where specific debts are in dispute. The impairment allowance does not include debts past due relating to customers with a good credit history, or where payments of amounts due under a contract for such customers are delayed due to works in dispute and previous experience indicates that the amount will be paid in due course.



Economic Entity  
2018                      2017  
\$'000                      \$'000

**NOTE 23: FINANCIAL RISK MANAGEMENT (continued)**

The ageing of trade receivables at the reporting date was:

Not past due	4,275	3,670
Past due up to 30 days	3,383	3,055
Past due 31-60 days	404	398
Past due 61 days and over	692	373
Total trade receivables not impaired	8,754	7,496
Trade receivables impaired	101	59
Total trade receivables	8,855	7,555

The economic entity does not have other receivables which are past due (2017: Nil).

**B) Liquidity Risk**

Liquidity risk is the risk that the economic entity will not be able to meet its financial obligations as they fall due. The economic entity's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity (cash reserves and finance facilities) to meet its liabilities when due, under both normal and stressed conditions. The objective of the policy is to maintain a balance between continuity of funding and flexibility through the use of finance facilities.

The economic entity monitors liquidity risk by maintaining adequate cash reserves and financing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below summarises the maturity profile of the economic entity's financial liabilities based on contractual undiscounted payments:

**Contractual Cash Flows**

	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2018				
<b>Financial liabilities due for payment</b>				
Trade and other payables	6,109	-	-	6,109
Other financial liabilities	5,062	-	-	5,062
Total expected outflows	11,171	-	-	11,171
<b>Financial assets - cash flows realisable</b>				
Trade receivables	8,754	-	-	8,754
Total anticipated inflows	8,754	-	-	8,754
Net (outflow) on financial instruments	(2,417)	-	-	(2,417)

NOTE 23: FINANCIAL RISK MANAGEMENT (continued)

	Contractual Cash Flows			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2017				
<b>Financial liabilities due for payment</b>				
Trade and other payables	3,667	-	-	3,667
Debtor Finance	4,757	-	-	4,757
Total expected outflows	<u>8,424</u>	<u>-</u>	<u>-</u>	<u>8,424</u>
<b>Financial assets - cash flows realisable</b>				
Trade receivables	7,496	-	-	7,496
Total anticipated inflows	<u>7,496</u>	<u>-</u>	<u>-</u>	<u>7,496</u>
Net (outflow) on financial instruments	<u>(928)</u>	<u>-</u>	<u>-</u>	<u>(928)</u>

The economic entity also has a number of premises under operating lease commitments. The future contracted commitment at year end is disclosed at note 16.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature.

The fair value of debtor finance and lease liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

**C) Market Risk**

Market risk is the risk that changes in market prices will affect the economic entity's income or the value of its holdings of financial instruments. The activities of the economic entity expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the returns.

Foreign Currency Risk

The following table demonstrates the impact on the profit and equity of the economic entity, if the Australian Dollar weakened/strengthened by 10%, which management consider to be reasonably possible at balance date against the respective foreign currencies, with all other variables remaining constant:

	Weakening of 10%		Strengthening of 10%	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Impact on profit/(loss)	<u>(564)</u>	<u>(342)</u>	<u>462</u>	<u>280</u>
Impact on equity	<u>(564)</u>	<u>(342)</u>	<u>462</u>	<u>280</u>

## NOTE 23: FINANCIAL RISK MANAGEMENT (continued)

### Interest Rate Risk

The economic entity has a debtor financing facility. The use of the facility exposes the economic entity to cash flow interest rate risk.

As at the reporting date, the economic entity had the following fixed and variable rate borrowings:

	Note	Weighted average interest rate		Balance	
		2018	2017	2018	2017
		%	%	\$'000	\$'000
Debtor finance	12	7.06%	8.31%	4,469	4,392
Business transaction facility	12	7.93%	-	257	-
Other financial liabilities		7.11%	8.31%	4,726	4,392

The following table demonstrates the impact on the profit and equity of the economic entity if the average interest rate on the borrowing facility had either increased or decreased by 1%, which management consider to be reasonably possible over the whole year ending 30 June 2018, with all other variables remaining constant:

	Increase of 1% of average interest rate		Decrease of 1% of average interest rate	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Impact on profit/(loss)	(47)	(44)	47	44
Impact on equity	(47)	(44)	47	44

### D) Net Fair Values

The net fair values of assets and liabilities approximate their carrying values. No financial assets or liabilities are readily traded on organised markets.

### E) Capital Management

The Board's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Total capital is defined as shareholders' equity. The Board monitors the return on capital, which is defined as net operating income divided by total shareholders' equity. The Board also establishes a dividend payout policy which is targeted as being greater than 50% of earnings, subject to a number of factors, including the capital expenditure requirements and the company's financial and taxation position. Dividends paid for the year ended 30 June 2018 were nil (2017: nil).

There were no changes to the economic entity's approach to capital management during the financial year.

Economic Entity  
2018 2017

**NOTE 24: EARNINGS PER SHARE**

**A) Basic earnings per share (cents)**

	(0.5)	(2.1)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate basic earnings per share (\$)	(143,000)	(634,000)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

**B) Diluted earnings per share (cents)**

	(0.5)	(2.1)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate diluted earnings per share (\$)	(143,000)	(634,000)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**NOTE 25: DIVIDEND FRANKING CREDITS**

Tax rate	30%	30%
Amount of franking credits available for subsequent reporting periods (\$'000)	6,139	6,139

**NOTE 26: AUDITORS' REMUNERATION**

During the year the following fees were paid or payable for services provided by the auditor of the parent and its related practices:

**Audit services**

BDO East Coast Partnership	\$	\$
Audit and review of financial reports, and other work under the Corporations Act	111,500	111,500
Total remuneration for audit services	111,500	111,500

**Non-audit services**

BDO East Coast Partnership		
Tax compliance services, including review of company income tax returns	19,180	25,498
Other practices - BDO Auckland		
Tax compliance services, including review of company income tax returns	7,115	7,333
Total remuneration for non-audit services	26,295	32,831

It is the economic entity's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the economic entity are important. These assignments are principally tax compliance assignments.

Parent Entity	
2018	2017
\$'000	\$'000

#### NOTE 27: PARENT ENTITY INFORMATION

Information relating to Ambertech Limited (parent entity):

- Current Assets	11,053	11,044
- Total Assets	15,611	15,601
- Current Liabilities	1,462	1,462
- Total Liabilities	1,462	1,462
- Share capital	11,138	11,138
- Share issue cost reserve	4	1
- Retained earnings	<u>3,007</u>	<u>3,001</u>
Profit/(loss) of the parent entity	6	(1)
Total comprehensive income of the parent entity	<u>6</u>	<u>(1)</u>

#### Contingent Liabilities

The parent entity had no contingent liabilities as at 30 June 2018 (2017: Nil).

#### Capital Commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 (2017: Nil)

#### Significant Accounting Policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1 and throughout the notes.

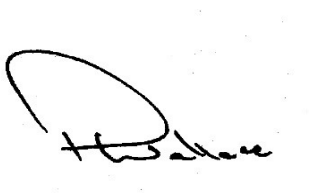
AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
DIRECTORS' DECLARATION

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The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the *Corporations Regulations 2001* ; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief operating officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5)(a) of the Corporations Act 2001, and is signed for and on behalf of the directors by:



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P F Wallace  
**Director**



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P A Amos  
**Director**

Dated this 28th day of August 2018.  
Sydney